GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2616
ANSWERED ON:31.08.2007
CONSOLIDATION OF PSBs
Sidhu Shri Navjot Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the government proposes to initiate consolidation process among various Public Sector Banks; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Committee on Banking Sector Reforms (Narasimham Committee) had recommended consolidation in the banking sector as part of wider financial sector reforms. Government is of the view that any proposal for consolidation, by way of merger etc. of one public sector bank (PSB) with another PSB, should emanate from the concerned banks with Government playing a supportive role as the common shareholder. While supporting any merger proposal, Government will ensure that the interests of the stakeholders and employees of merging banks are adequately protected. On 25.08.2007, the SB1 Board has taken a unanimous decision to merge its wholly owned subsidiary, the State Bank of Saurashtra.with itself. The State Bank of Saurashtra Board, meeting on the same day, has also taken a unanimous decision to merge the Bank with the State Bank of India.